

**TOPIC: NEW AND CONTINUING STATE-FUNDED CAPITAL PROJECTS
AND PRIORITY LIST, FISCAL YEAR 2012-13**

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I. SUMMARY

The Department reviewed a total of 19 new or continuing state funded capital construction requests for FY12-13. The recommended priority list of 19 ranked capital requests totals \$259,100,617 in state funds, with a cash contribution of \$24,181,709.

Once approved by the Commission, Department staff will forward the final prioritization list to the legislature's Capital Development Committee (CDC) on November 1, 2011. Staff will also forward the list to the Governor's Office of State Planning and Budgeting (OSPB) immediately after approval to guide the prioritization of higher education projects in the statewide prioritization list.

II. BACKGROUND

C.R.S. 23-1-106 (5) requires the Commission to approve program plans or program plan amendments for any capital construction project requesting state funds. For those projects costing less than \$2,000,000, institutions may request that the Commission waive program planning requirements; however, these projects are prioritized alongside requests with costs exceeding \$2,000,000. C.R.S. 23-1-106 (7)(a) requires the Commission to submit a recommended priority list to the CDC by November 1st annually.

Last year, the Commission recommended to the CDC a list of 27 ranked capital requests totals \$312,980,272 in state funds with a cash contribution of \$55,689,835. The legislature was unable to fund higher education capital projects in FY11-12. However, a number of annual debt service payments and controlled maintenance projects did receive funding.

III. STAFF ANALYSIS

The Department reviewed a total of 19 new or continuing state funded capital construction requests for FY12-13. Out of this total, two projects are the continuing annual Certificates of Participation (COP) payments for the University of Colorado Denver Anschutz Medical Center and the projects funded through Federal Mineral Lease payments. Of the 17 non-continuation projects reviewed, all have appeared on past Commission priority lists. The total FY12-13 cost of all projects requested by institutions of higher education for funding is \$283,282,326 including \$259,100,617 in state funds.

Of the 19 requests shown on the priority list recommended by staff and the Commission's Capital Assets Sub-Committee (Attachment A), all projects are recommended for approval and

assigned priority numbers. The top two projects are the statutorily required COP payments; the next 17 projects were priority ranked by the Commission's Capital Assets Sub-Committee.

Staff considered several different approaches and methods to develop a priority list. The Sub-Committee held working sessions in August for this purpose. On September 1, 2011, the Sub-Committee and Department staff released a draft list to institutions for comment. The projects on this list were ranked based on factors including the nature of a project, impact on student education, Governing Board ranking, facility condition, student FTE enrollment growth, total project cost, cash contribution vs. state obligation, and the Sub-Committee's determination of need, relevance, and rationality of project. No substantive feedback was received. Therefore, the Sub-Committee continued the process toward approving the draft list for referral to the Commission.

In September the Commission's Capital Assets Sub-Committee held a public meeting to discuss the annual priority list. This meeting allowed institutions to voice lingering concerns before final Sub-Committee approval. The final Sub-Committee approved priority list for FY12-13 is attached (Attachment A).

Given the ongoing economic situation and revenue forecasts it is extremely unlikely that the state will have capital construction funds for FY12-13 other than required annual payments on existing projects.

The enclosed prioritization list (Attachment A) is intended for the use of available state capital construction funds. In the event that a second issuance of FML COPs occurs or more money is anticipated from FML revenues, the remaining five unfunded projects in their original order from HJR08-1042 will be funded first.

IV. STAFF RECOMMENDATION

That the Commission approve the following program plan amendment:

- **UCB Ekeley Middle Wing Renovation**

That the Commission approve the FY12-13 capital priority list in Attachment A and grant the Department the ability to adjust project amounts based on future revenue forecasts.

That the Commission acknowledge and forward to the Governor's Office and the General Assembly the complete number and costs of all higher education capital projects submitted in FY12-13 for informational purposes.

STATUTORY AUTHORITY

C.R.S. §23-1-106 Duties and powers of the commission with respect to capital construction and long-range planning.

ATTACHMENT A: Final Recommendation FY12-13 Capital Priorities